

May 17, 2010

State of Wisconsin
Attn: Nancy Eilks and Karen Pfeil
Bureau of Workforce Training
201 E. Washington Avenue G100
Madison, WI 53703

Re: Written Response to ARRA Jefferson Wells Review

Dear Ms. Eilks and Ms. Pfeil,

As directed by Gary Denis, I am providing a written response to the Financial Review of the American Recovery and Reinvestment Act (ARRA) Programs operated by the Southwest Wisconsin Workforce Development Board (SWWDB). The items will be address in the order they were presented in the Jefferson Wells report:

- Observation No. 1: Whistleblower Policy: Though a formalized Whistleblower program is documented, the program cannot assure anonymity for the whistleblower, which increases the likelihood that potentially damaging incidents will not be reported timely or at all. The whistleblower policy indicates that suspect activity should be reported to an employee's supervisor; however, there is no guidance provided on situations that involve suspect activity by the supervisor.

SWWDB Response to Observation No. 1: SWWDB Policy # B-512 – Suspected Misconduct and Dishonesty (Enclosure 1) addresses the whistleblower provision of federal law. SWWDB recognizes that the policy does not strictly assure anonymity for the whistleblower, but our belief is that in order for wrongdoing to be considered, a suspect activity must be validated and investigated. This requires some type of written documentation/complaint including the name of the person witnessing the wrongdoing. SWWDB Policy # B-522 – Protection from Retaliation (Enclosure 2) protects employees (whistleblower) from retaliation. The reviewer also recommended modifying Policy B-512 to provide guidance on situations that involve suspect activity by the employee's supervisor. Immediate action was taken to address this item and SWWDB Policy B-512 was presented to the SWWDB Board of Directors with the recommended modification at their March 10, 2010 meeting. The Policy was approved as recommended.

- Observation No. 2: Segregation of Duties: The lack of segregation of duties increases the risk that errors and/or fraudulent activities will be perpetrated and not detected timely. Best practices would include maintaining a segregation of duties or restricting system access to those with reviewer responsibility.

SWWDB Response to Observation No. 2: SWWDB took immediate action to disable the executive director's access to the ORION system, the accounting software utilized by the Agency. The executive director serves as the primary reviewer of financial activities. Segregation of duties is practiced daily by cross-training fiscal staff to perform accounts payable, payroll, and general ledger activities. Independent reviews are rotated among the three (3) fiscal staff and executive director.

- Observation No. 3 – Management Oversight: The lack of a consistent and documented management review process increases the risk that errors and/or fraudulent activities may not be detected on a timely basis.

SWWDB Response to Observation No. 3: Although SWWDB administration disagrees with this Observation, we recognize that system can always be improved and internal controls strengthened. SWWDB administration will review policies and procedures on a regular basis to ensure accurate financial reporting and oversight. SWWDB will continue to segregate and rotate duties amongst fiscal staff to ensure accountability.

I have included SWWDB Policy # B-512 – Suspected Misconduct and Dishonesty (Enclosure 1), as modified by the Board of Directors, and SWWDB Policy # B-522 – Protection from Retaliation (Enclosure 2) for your reference.

If you have any questions, please do not hesitate to contact me or Ms. Annette Meudt at (608) 342-4220.

Sincerely,

A handwritten signature in blue ink, reading "Robert T. Borremans", with a long horizontal flourish extending to the right.

Robert T. Borremans, Ed.D.
Executive Director

Enclosures

Pc: Mr. Art Carter
Mr. Scott Stocker